

AN ANALYSIS OF WELFARE REFORM PROPOSALS FOR
"AID TO FAMILIES WITH DEPENDENT CHILDREN:"
IMPLICATIONS FOR PROGRAMMING OF SOCIAL
SERVICES WITH POOR FAMILIES

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CHAPTER I

INTRODUCTION

Significance of the Study

At this point in the history of social welfare in the United States, the welfare system has become so recognizably damaging to the poor and so dysfunctional for the larger society that we face a "welfare crisis."¹ The "Report of the National Advisory Commission on Civil Disorders" declare:

Our public assistance measures have aggravated the tensions and social dislocations that underlie civil disorders. The failures of the system alienate the taxpayers who support it, the social workers who administer it and the poor who depend on it."²

The "welfare crisis" has thus prompted reconsideration of our current income maintenance programs by politicians, lawyers, sociologists, economists, social workers, etc.

Within the social work profession, Edward E. Schwartz focused attention on the question of guaranteed income by his proposal for a "family security program that would provide,

¹ John M. Romanyshyn, Social Welfare: Charity to Justice (New York: Random House, 1971), p. 235.

² Ibid., p. 217.

as a constitutional right, "income sufficient to maintain a level of living consonant with American standards for growth and development of children and youth and for the physical and mental health and social well-being of all persons."³

Mitchell I. Ginsberg, a former Welfare Commissioner of New York City and one of the country's outstanding social workers, declared that public assistance was "bankrupt" as a social welfare institution. He proposed basic modifications in the current program and development of new approaches to income maintenance that would reduce public assistance to a truly residual program for about 5 percent of those on the rolls.⁴

As a student in the social work profession, the investigator contends that social work (which purports to help people caught in the throes of social dysfunctioning to develop their resources and abilities so that they may play their part in society in such a way that both they and society are tolerably satisfied)⁵ has a new role in the welfare-class revolution.

³ Romanyshyn, op. cit., pp. 235-236.

⁴ E. S. Schwartz, "A Way to End the Means Test," Social Work, 9 (July, 1964), 3-12.

⁵ Richard M. Titmuss, Commitment to Welfare (New York: Pantheon Books, 1968), p. 74.

In that the "National Welfare Rights Organization" has become a part of the broader black movement for full citizenship rights and part of the democratic revolution that challenges all forms of social inequality,⁶ the investigator is interested in understanding the social policies affecting the welfare poor, --- of whom a considerable proportion are black AFDC families.

Based also on the belief that students of social work should engage in research, and that through the medium of research findings and in other ways these students should attempt to influence the social policies of governments and public and private agencies, etc., it is the investigator's intention that an analysis of policies for AFDC will be so conducted that it may or will contribute to the shaping of social and public policy.

Hence justification for an analysis of policies for AFDC is based on the following needs:

1. Needed assessment of current AFDC program.
2. Needed information on the evaluation and description of proposed AFDC programs for the poor.
3. Needed research to make recommendations or modifications of the present AFDC program or the establishment of new kinds of public assistance programs.

⁶ Romanyshyn, op. cit., p. 247.

Statement of the Problem

The purpose of this study is to examine the present AFDC program and advance proposals for income maintenance programs for poor families.

The analysis include 1) a historical review of the current AFDC program, 2) a description of the various proposed programs for aid to the poor, and 3) a discussion of the extent to which new proposed programs encourage and enable or discourage and prevent more effective delivery and co-ordination of public assistance programs.

The study is based on the following major assumptions:

1. There is a public assistance program in the form of Aid to Families with Dependent Children (AFDC) to aid poor families.
2. There are some benefits of the AFDC program to aid needy families.
3. There are some inadequacies of the AFDC program that results in income loss for poor families, especially poor black families who comprise a considerable proportion of AFDC recipients.
4. There are some proposed programs in the form of public assistance to insure income maintenance for poor families.

Scope and Limitations of the Study

Based on the belief that the subject, "An Analysis of Proposals for Public Welfare Recipients," is too broad to investigate and because "Aid to Families with Dependent Children," (AFDC) is the basis family support in the United States, and because black families comprise 41.5 percent of

the increase in AFDC recipients in 1971,⁷ the study is limited to "An Analysis of Welfare Reform Policies for "Aid to Families with Dependent Children": Implications for Programming of Social Services with Poor Families."

The study does not seek to abolish (though it might be wise to do so) the residual AFDC program. AFDC is a program whose services come into play only when the normal structures of supply, the family, and the market, breakdown.⁸ Residual welfare services are characterized by colonial attitudes toward the poor, crisis intervention, and a "character-deficit" view of the needy⁹ or as William Ryan puts it---services characterized by the "blaming the victim" ideology which holds that deficits exist in the individual rather than in the community, environment, or system.¹⁰ Nor does the study seek to answer the question or solve the problem of how to best assure the poor a more adequate level of income. Rather, the investigation seeks to analyze various proposals for income

⁷ Alfred Kadushin, Child Welfare Services (New York: MacMillan, 1967), p. 181.

⁸ M. N. Zald, Social Welfare Institutions (New York: John Wiley and Sons, 1965), p. 11.

⁹ Romanyshyn, op. cit., p. 34.

¹⁰ William Ryan, Blaming the Victim (New York: Vintage Books, 1971), p. 15.

maintenance and to make recommendations for modifications of the present AFDC program and/or the establishment of new programs to meet the needs of the poor.

Description of Methodology

Procedures for the analysis of policies and proposals to meet the needs of families with dependent children shall consist of the following: 1) a historical review of Social Security legislation, 2) collection of statistical data on public assistance to needy families with dependent children, and 3) a description and analysis of policies and proposals for aid to families with dependent children. The type of research study shall be descriptive in design.

1. Collection of data

All available literature on the historical background of Social Security legislation is to be reviewed. Data is to be gathered from books, periodicals, pamphlets, etc. Statistical data shall consist of the a) secondary, b) longitudinal, and c) continuous types. Expressed in the ratios of percentages, the data on aid to families with dependent children shall be compared for specific years or a specific period

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Continuous data refers to those that may occur at any point within the limits of the universe. Wayne McMillen, Statistical Methods for Social Workers (Chicago: University of Chicago Press, 1952), p. 202.

of time. Conclusions, implications, or inferences shall then be made on the basis of statistical data collected. Statistical tables and graphs shall be utilized where necessary or appropriate to explain trends in various forms of public assistance data.

2. Analysis of data

Utilizing the collected statistical data, the analysis of various policies (namely, public welfare, social insurance, children's allowance, negative income tax, family assistance plan, social dividend and provisions of in-kind for income maintenance shall consist of the following:

- (1) Data describing the aims of the policies listed above.
- (2) Data describing the eligibility requirements (ratio ally and.or locally) for recipients.
- (3) Data describing the expansion of provisions of kind (e.g. food, housing, medical care) for recipients.
- (4) Data describing trends in the number of recipients by race for given years or for a given period of time.

Definition of Terms - Terms and concepts important to understanding this study are as follows:

1. Aid to Families with Dependent Children (AFDC) - A

federal-state-grant-aided public assistance program authorized by Title IV of the Social Security Act. Currently, AFDC provides financial assistance and social services to needy families

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with dependent children.

2. Children's Allowance - A program providing for payments to all families with children in specified age groups, irrespective of income.¹³
3. Family Assistance Plan (FAP) - A program for families with no employable person, authorized by Title XXI in the Social Security Act and to be administered by the Secretary of Health, Education, and Welfare. FAP provides for rehabilitation services and child care for incapacitated family members who cannot meet the required work incentive provisions. Uniformed determined family benefits are to be computed at the rate of \$800 per year for the first two members, \$400 for the next three members, \$300 for the next two members and \$200 for the next member. This would provide \$2,400 for a family of four, and the maximum amount which any family would receive would not be eligible unless it had countable resources of

¹² Romanyshyn, op. cit., p. 218.

¹³ Larry L. Orr et. al., Income Maintenance (Chicago: Markham Publishing Company, 1971), p. 20

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\$1,500 or less.

4. Guaranteed Income - A national minimum standard income assured to families and which no state may fall and below which no family would be required to live.
5. Negative Income Tax - A program which provides specified supplements to annual income based on family size, and includes a financial incentive to work feature which reduces payments by some fraction of a dollar for each dollar earned, to ensure that those who work always have more than those who do not.
6. Residual Welfare Services - A concept which holds that social institutions should come into play only when the normal structures of supply, the family, and the market breakdown.

14
H. R. 1. "The Social Security Amendments of 1971," as Amended and Ordered, Reported to the House of Representatives (Washington: U.S. Printing Office, May 17, 1971), pp. 24-5.

15
Improving The Public Welfare System, A Statement by the Research and Policy Committee of the Committee for Economic Development, (New York: Committee for Economic Development, April, 1970), p. 54.

16.
Larry L. Orr, et.al., op. cit., p. 20.

7. Social Dividend - Provides for a universal payment made¹⁸
to all without regard to income or status.
8. Social Insurance - A system primarily designed to meet
income needs for employed wage earners when their
earnings cease or are interrupted. The Advisory
Council on Public Welfare recommended prompt ex-
tension of coverage and liberlization of benefits¹⁹
under the social insurance programs.
9. Social Security Act of 1935 - Was established as: "An Act
to provide for the general welfare by establishing
a system of Federal old-age benefits and by enabling
the several States to make adequate provisions for
aged persons, blind persons, dependent and crippled
children, maternal and child welfare, public health,
and the administration of their unemployment com-
pensation laws: to establish a Social Security Board;²⁰
to raise revenue, or other purpose....

18

Alvin L. Schorr, Explorations in Social Policy (New York: Basic Books, 1968), p. 296.

19

Having the Power, We Have the Duty, Report of the Advisory Council on Public Welfare, U.S. Department of Health, Education, and Welfare, June 29, 1966, p. 41.

20

Social Security Act, U.S. Code, Vol. LXII, Sec. 301 (1935).

CHAPTER II

HISTORICAL REVIEW OF SOCIAL SECURITY LEGISLATION

Social welfare, as a concept refers to those institutional aspects of social life which express the collective concern of the society for the well-being of its members as individuals and in family and community groups.¹ Although the present welfare system of the United States was not brought into being until in the 1930's when one-third of the nation was described as ill-housed, ill-clothed, and ill-fed, the concept of social welfare in this country had its beginning when the original colonists arrived. When the number of paupers increased considerably in a colony, assistance measures were begun by the parishioners. As Piven and Cloward put it:

These early measures, as well as, some relief practices introduced in the United States by the Social Security Act of 1935 are often said to reflect variations of the vestigial influence of the English Poor Law which was based on the following key principles: 1) that relief should be a local responsibility; 2) that relief allowances should

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Irving Weissman, Social Welfare Policy and Services in Social Work Education (New York: Council on Social Work Education, 1959), p. 17.

be less remunerative than wages (the principles of "less eligibility"); 3) "settlement in the local community should be a prerequisite for aid."²

Introduced during President Roosevelt's administration, the Social Security Bill of 1935 contained three proposals: 1) unemployment insurance, to be financed by a federal payroll tax not planned and administered by the states, presumably in accordance with local needs, 2) old-age insurance, to be financed by a tax on wages and payrolls that would provide \$10 to \$85 per month at age 65 to persons in covered employment, such payments to begin in 1942 and 3) federal aid to states if they choose to provide direct relief to various categories of unemployables---the old (those who would not be eligible for the proposed old-age insurance program because they were already old, or because they would reach retirement age in an occupation not covered by the insurance scheme (e.g., domestic servants or farm laborers), the blind, and the orphaned.³ This measure did not seem so important at the time but today it adversely affects the security of many poor people.

To this effect, Cloward and Piven in Regulating the Poor

²

Richard A. Cloward and Frances Fox Piven, Regulating the Poor: The Functions of Public Welfare (New York: Vintage Books, 1971), p. 130.

³

Ibid., p. 92.

state:

The relief system created by the Social Security Act of 1935 in the United States was administered for more than two decades to ensure that as few of the poor as possible obtained as little as possible from it. The principle of "less eligibility" was reflected in statute, policy and day to day practice: not only were grants kept at levels, "more severe than that of the lowest class of laborers who obtain their livelihood by honest industry," which meant in some states that recipients received too little to sustain life, but the punishment and degradation that the Poor Law authorities were confident would make relief recipients "less eligible" had their modern parallel in such practice as mass searches and raids of recipients' homes. During the 1960's, however, many of those restrictions collapsed and the rolls rose precipitously. But even as this occurred, pressures to reorganize the system also mounted.⁴

Great pressure was directed, specifically, to reform the Aid to Families with Dependent Children assistance program. An examination of the AFDC program is in order for two significant reasons:

First, the way in which this categorical assistance program was implemented in the 1940's and 1950's reflected the prevailing ambiguity as to whether women and children should be exempted from the requirement to work. Such ambiguity did not so seriously afflict assistance programs for the aged and the blind, who were largely relieved of the moral obligation to work by the pension provisions of the Social Security Act, as well as by the Old Age Assistance and Aid to the Blind programs established under that act. (Even so, however, low payments continued to keep many such persons in the labor force). The question of whether women and

⁴

Ibid., pp. 35-6.

children should be granted aid was further clouded by their relationship to men, for able-bodied males might surreptitiously benefit from grants given to women and children. Consequently, the AFDC program has been closely hedged about with work maintaining statutes and policies. Secondly, it was in the AFDC category that the relief explosion of the 1960's occurred.⁵

Cognizant of these two factors, Charles Lebeaux has reported what life is like on AFDC for families living on what he calls "budgets of despair." Lebeaux summed up the findings of his study in this way:

Consider our affluent society: in an economy generating wealth sufficient to supply every family of four with nearly \$10,000 per year income, we reduce a family to cashing in pop bottles to get food, we push a woman to thoughts of prostitution to feed her children, we force an honest woman into theft and then provide her with \$25 an hour psychiatric treatment.⁶

William Ryan in Blaming the Victim further states:

Add to this, other difficulties and indignities of AFDC life---humiliation and shame, being subject to midnight raids to check on the presence of a man in the house, constant supervision and investigation, in need to almost beg for ordinary amenities of living like an iron or overshoes for the children---and it should be clear that almost no sane person chooses that life voluntarily. It should not be surprising that a recent survey in New York showed that,

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Ibid., pp. 123-124.

6

Charles Lebeaux, "Life on ADC: Budgets of Despair," New University Thought (Winter, 1963), 519-28.

among AFDC mothers, over 70 percent (and over 80 percent of black mothers) would choose to work if suitable employment could be found for them.⁷

A question to be asked then, is why is the number for "Black" AFDC mothers so great as compared to the total number of AFDC mothers who chose to work rather than receive welfare payments?

Certain evidence suggest that AFDC payments to black mothers are lower than those for white women which forces many black mothers into marginal work.⁸ In addition, it is more difficult for black mothers to get on the rolls. Cloward and Piven in Regulating the Poor suggest:

Even when black women did get on the rolls, however, they were kept under pressure to work at least part-time---a pattern of discrimination that still persists. A national study of state welfare programs conducted by the Department of Health, Education, and Welfare in 1961 showed that 19 percent of black AFDC mothers worked as opposed to only 10 percent of whites. The same study showed that about 24 percent of AFDC mothers in the South worked compared to 8 percent in the rest of the nation. Although this study does not cross-tabulate employment by race and region simultaneously, it is reasonable to assume that the higher proportion of AFDC mothers in the South and the higher proportion of working "black" AFDC mothers in the nation adds up to a very high proportion of working black AFDC mothers in the South. A second national study, in which every third case closed during a three-month period in

⁷
Ryan, op. cit., pp. 108-9.

⁸
Cloward & Piven, op. cit., pp. 137-8.

1961 was examined, lends support to the conclusion that black women are two or three times as likely to work, particularly in rural areas (which means in the South, for it is only there that rural areas contain significant numbers of blacks).⁹

Still with the passing in 1961 of the congressional amendment to establish the "Aid to Families with Dependent Children Unemployed Parents (AFDC-UP) program, discrimination as described in the preceding paragraphs existed on a large scale basis. The AFDC-UP program, which permitted federal reimbursement to the states for aid to unemployed fathers, undoubtedly, brought opposition from many southern politicians. For example, in Alabama one county welfare director said he opposed it because "Negroes just do not want to
¹⁰
work."

Clearly, the latter example points out the discrimination that exists in AFDC administration. Thus AFDC and AFDC-UP, intended primarily for broken families with children, did not aid many of the poor and in a sense were basically work relief programs. According to Piven and Cloward, enforced work along with the maintenance of civil order, are

⁹

Ibid., pp. 132-6.

¹⁰

Cloward and Piven, op. cit., pp. 132-3.

the main functions that the relief system performs. The relief system, in actuality, goes far toward defining and enforcing the terms on which different kinds of men or racial groups are made to do different kinds of work. Since it is primarily blacks who do menial work and who have been denied AFDC and AFDC-UP assistance, the relief arrangements, in other words, have a great deal to do with maintaining¹¹ social and economic inequities.

Hence our present welfare system and its AFDC program, designed as a temporary expedient for the 30's, is not geared to the Nation's present requirement or to meet the needs of poor people. It has been found deficient in many respects by the Domestic Council of the Executive Office of the President:

1. The program of Aid to Families with Dependent Children (AFDC) produces disincentives to work. Chart I reveals that the current welfare system discourages men from working by excluding families headed by male full-time workers----the working poor. For example, the income of a family of five would be \$3000 if the father quits work whereas it would be \$2000 if the father continues to work. Thus the incentive to quit equals \$1000.

The welfare system also discourages women from working by denying assistance to mothers earning more than the State-defined standard of need while it supplements beyond the need standard of wages of welfare mothers whose earnings rise above this level. It does not provide sufficient work training or child care to enable current recipients to work.

2. The AFDC program is growing uncontrollably, both in terms of caseloads and costs. As Chart II shows, in the past decade, the cost of AFDC had more than trippled, (in 1961 it was \$1.1 billion and in 1970 it was \$4.1 billion); the caseload more than doubled (i.e., in 1961 it was 9.2 million and in 1970 it was 2.2 billion). In fiscal 1970 alone, AFDC payments increased by \$914 million, while 1.7 million people were added to the welfare rolls.

In the past 15 years, the total public assistance caseload has risen from 5.8 million to over 12 million---and continues to rise. During 1970 alone the number of people receiving public assistance increased by over 2 million, or 20 per cent. Total money payments in October, 1970 amounted to \$760.1 million, and the end is nowhere in sight.

CHART I

THE DIS-INCENTIVE TO WORK

UNDER AFDC

Assume family of five in State which pays such a family \$3000 and has an unemployed father program, and father earning \$2000 in full-time employment

Family income if father quits work = \$3000

Family income if father continues to work = \$2000

INCENTIVE TO QUIT = \$1000

To increase family income, fathers working full-time and earning low wages must either:

1. leave home so families can qualify for AFDC

or

2. reduce hours of work so as to qualify for the AFDC-Unemployed Father (in half the States)

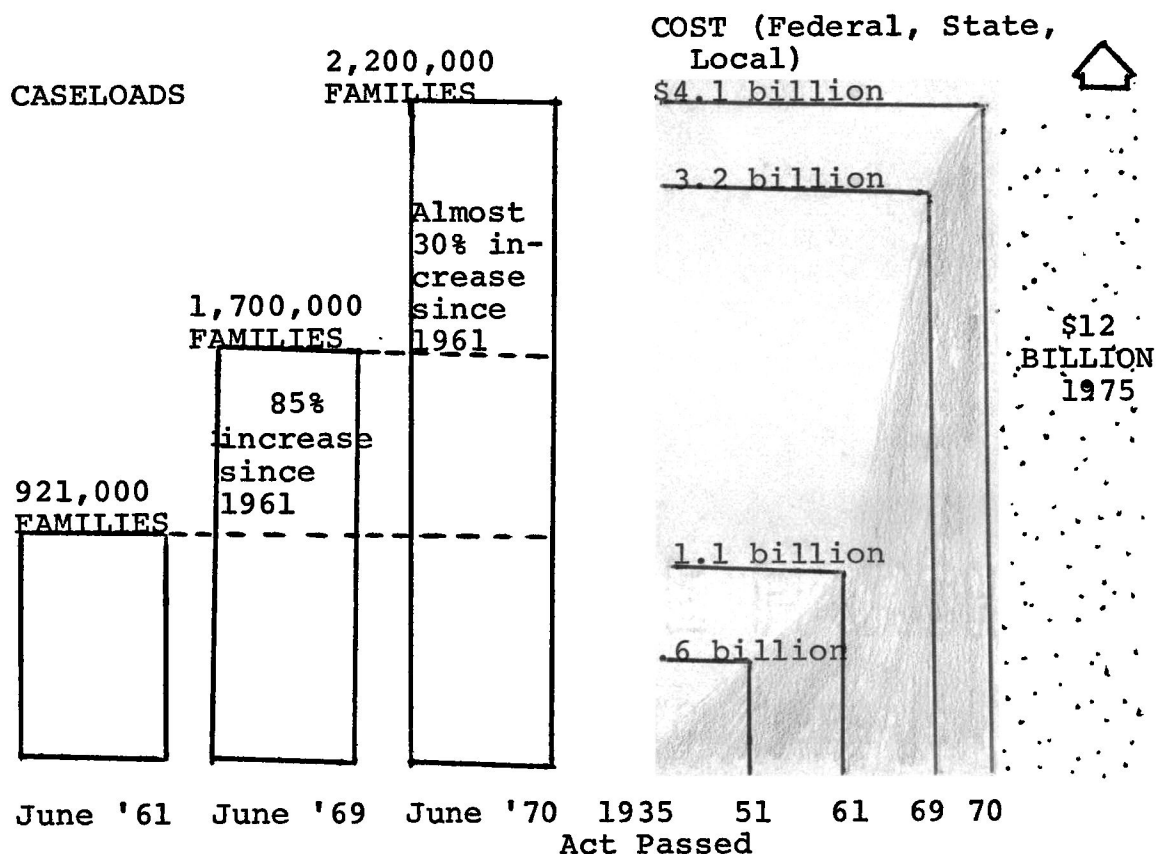
or

3. quit altogether

Source: Highlights of Welfare Reform: Reform Renewal for the 70's, The Domestic Council Executive Office of the President (Washington, D.C.: U.S. Government Printing Office, 1971), p. 6

CHART II

RUNAWAY GROWTH IN CASELOAD AND COST UNDER AFDC



Source: Highlights of Welfare Reform: Reform Renewal for the 70's, The Domestic Council, Executive Office of the President (Washington, D.C.: U.S. Government Printing Office, 1971), p. 5.

a. The accelerated rate of participation is also matched by the spiraling costs which would reach \$12 billion by 1975 if the present trends continue.

3. The AFDC program encourages family dissolution. As appears in Chart III, the number of children in female-headed families receiving AFDC more than doubled the number of children in male-headed families receiving AFDC. In 1965, for example, the number of children in female-headed families receiving AFDC was approximately 3.5 million whereas the number of children in male-headed families receiving AFDC was only about 1 million.

Now utilized primarily by families in which the father is absent or incapacitated, the AFDC program favors female-headed families. As a result many broken families can obtain more from AFDC benefits than intact families can from earnings of full-time working men. This encourages families to break up so that they might qualify for assistance.

4. The AFDC program varies inequitably from State to State which is pointed out in Table I. The current welfare system is actually 54 different jurisdictions. Key features are left to States for determination and as a result, programs differ from State to State in such essential features as benefits, coverage, and administrative practices.

Chart IV shows that average monthly AFDC payments for a family of four range from about \$40 (payment in one (1) State) to more than \$260 found in two (2) States.¹¹

These deficiencies can be corrected by a basic structural reform of the welfare system.

To meet these deficiencies, a welfare reform plan has

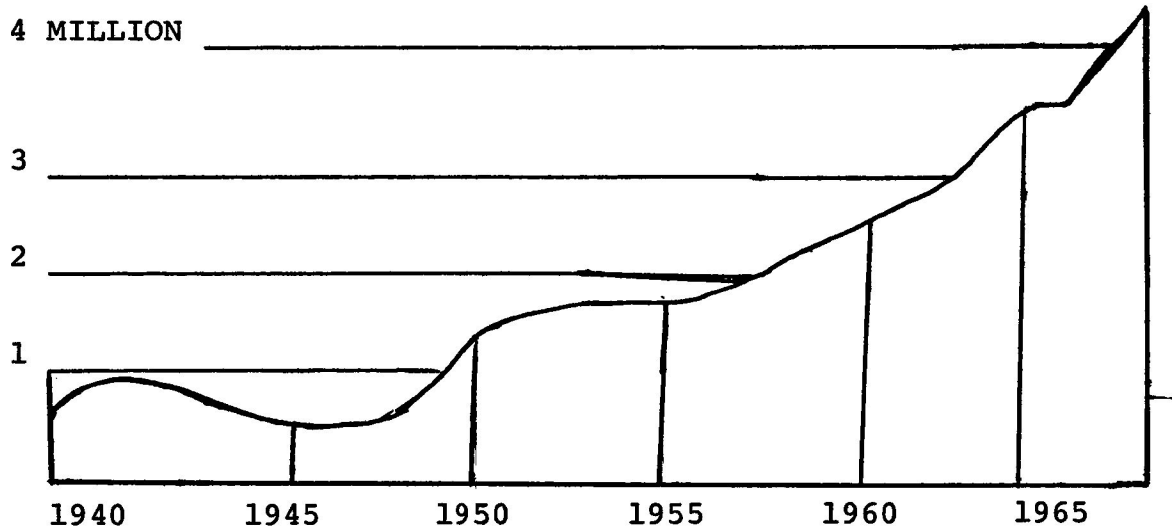
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Highlights of Welfare Reform: Reform Renewal for the 70's, The Domestic Council Executive Office of the President (Washington; D.C.: U.S. Government Printing Office, 1971), p. 3.

CHART III

AFDC IS STRUCTURED TO ENCOURAGE FAMILY BREAKUP

In all States, no Federally financed assistance to poor families with full-time employed father. In more than one-half States, no aid to poor families with an unemployed father at home. Result: System is designed to encourage men to leave so their families can qualify.



Source: Highlights of Welfare Reform, p. 7

- a. Where father is incapacitated and hence eligible for AFDC or covered by unemployed father provisions of AFDC.

TABLE I
CITIZENS ARE TREATED UNEVENLY
UNDER AFDC ELIGIBILITY FOR ASSISTANCE

<u>STATE</u>	<u>LIMITS ON HOME VALUE</u>	<u>LIMITS ON PERSONAL PROPERTY</u>
Alabama	\$2,500	\$1,000
Arizona	8,000	600
Arkansas	4,500-6,500	1,000
California	5,000	600
Connecticut	No limit on value	250
Hawaii	10,000	Limits on specific items
Illinois	No limit on value	Amount for one month's need
Michigan	Used	2,000
Minnesota	7,500	1,500
Mississippi	2,500	800
Missouri	Real and personal limited to \$10,500	1,500
Nebraska	No limit on value	2,500 ^a
New Jersey	No limit on value	No limits: must be liqui- dated within 6 months
Oklahoma	8,500	600
Tennessee	6,000	500 ^a
Washington	No limit on value	1,050
Wyoming	3,000	650

Source: Highlights of Welfare Reform, p. 8.

^a

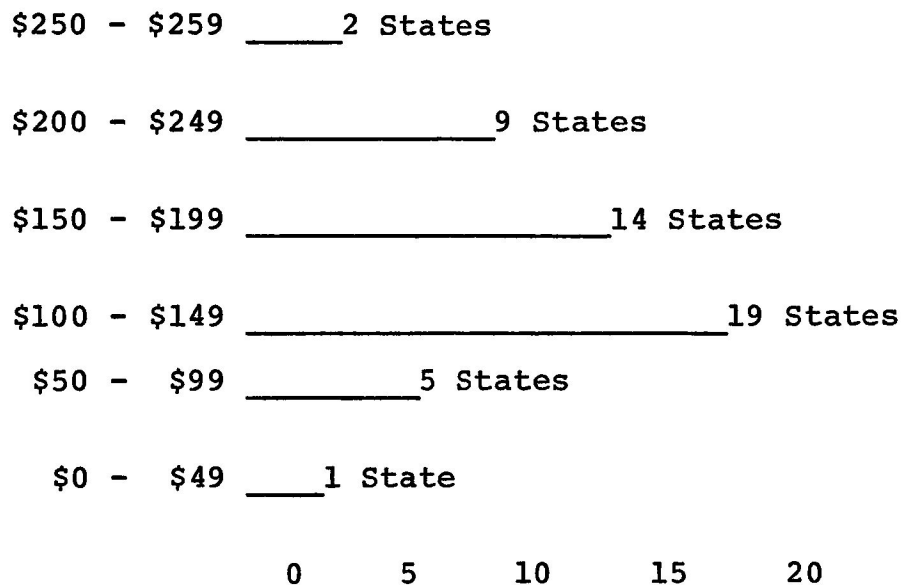
Allowance varies by number of children

CHART IV

STATE INEQUITIES

ALLOWANCE PAYMENTS VARY WITH EACH STATE

Average Monthly Payment
Family of Four



Source: Highlights of Welfare Reform, p. 9.

proposed by the Federal Government. A Summary of this plan follows:

1. Provides for a basic Federal family income payment floor, depending upon size of family. Includes Federal matching of State supplementary payments above this floor, up to the poverty level.
2. Establishes nationally uniform eligibility standards for both the family and adult categories.
3. Covers the working poor as well as current welfare recipients.
4. Provides strong work incentives, including substantial retention of benefits as earnings rise.
5. Requires registration for work or training or referral for vocational rehabilitation.
6. Provides training opportunities to qualify for suitable employment.
7. Provides meaningful child care.
8. Establishes national minimum income of \$110 per month for adult categories: the needy, aged, blind, and disabled.
9. Provides incentives for uniform Federal administration of family and adult programs.
10. Protects States against future increase in their expenditure for assistance payments.¹²

The welfare reform plan presented is only one among the many proposed policies (e.g., social insurance, social dividend, children's allowance, negative income tax, family

¹²

Ibid., p. 10.

assistance plan, and expansion of provisions of kind, which shall be discussed later in this study. Whatever these policies or reforms for aid to families with dependent children propose, the examination of the history of Social Security legislation points out that the real problem of the welfare system is not to get families off the welfare rolls, but to make the system or its successor more attractive and humanitarian for families that are headed by males who have full time jobs but need added income so that their families may live decently, as well as for families headed by unemployed males and employed or unemployed females. For under the present welfare system, (as will be pointed out in Chapter III), it is apparent that many parents prefer to raise their children as best they can rather than endure the humiliation of welfare life.

CHAPTER III

AN ANALYSIS OF WELFARE REFORM PROPOSALS

In this study, the following reform proposals will be analyzed: 1) an overview of public welfare reform; 2) social insurance reform; and 3) new policies for the transfer of income (e.g., social dividends, children's allowance, negative income tax, family assistance plan (FAP), and provisions of in-kind).

Overview of Public Welfare

According to the National Advisory Council on Public Welfare:

Reform of the present welfare system calls for a national standard of public assistance based on a single criterion of need, accompanied by a universal comprehensive system of social services, all to be provided as a citizen right. Under the proposed public welfare system, the means test would be modified to permit establishment of eligibility through "...personal statements or single inquiry relating to ... financial situation and family composition, subject only to protect ... dignity, privacy, and constitutional rights." In addition, the federal government would establish national standards for adequate and equitable financial assistance in a way that would adequately reflect each state's relative fiscal capacity.¹

¹
Romanyshyn, op. cit., p. 256.

While these may be desirable goals for public welfare reform, they might have the effect of converting all poor people to public welfare recipients, thus enlarging caseloads and expanding the public welfare bureaucracy. In reality, the Council's reform plan would reduce poverty but increase the welfare class. The plan, furthermore, is doubtful under the present system in view of the stigma placed on public welfare.²

Some critics of the public welfare reform plan feel that a social insurance program would be a better solution to the welfare crisis.

Social Insurance

Social insurance, known technically as Old Age, Survivors, Disability and Health Insurance Program (OASDHI), is a wage-related, contributory system which covers practically the entire current labor force, except for those civil servants and government employees in other plans.³ Originating under the taxation power of the government to collect and disburse revenues for the general welfare,⁴ employer and em-

²
Ibid., p. 265.

³
Alfred J. Kahn Studies in Social Policy and Planning (New York: Russell Sage Foundation, 1969), p. 107.

⁴
Romanyshyn, op. cit., p. 245.

ployees payroll taxes meet all the costs.⁵

Under the social insurance reform plan, social security benefits would be higher. (Recently, there has been a 20 per cent increase in social security benefits).⁶ Rising benefits, however, apply equally to the non-poor as well as the poor; therefore, "if the price tag for the first year was \$10 billion, half would be going to the non-poor beneficiaries. The millions of poor who are not social security beneficiaries would not be helped by this expensive proposal."⁷ In addition, it would cost \$11 million to remove one-half of the aged poor from poverty through increasing social security benefits.⁸

Social insurance may protect the majority of the population from dropping into poverty, but it has inherent limitations as an anti-poverty measure. For example, since need is not individually determined, the benefit necessarily must

⁵
Kahn, op.cit., p. 107.

⁶
"Ahead in Social Security: Rising Benefits, and Burdens," U.S. News and World Report, 73 (December 18, 1972), 40-3.

⁷
Sar A. Levitan, Programs in Aid of the Poor for the 1970's (Baltimore: John Hopkins Press, 1969), p. 21.

⁸
Romanyshyn, op. cit., p. 257.

be based on some national minimum or average need. Eligibility also is conditioned on prior contribution by or on behalf of the claimant; that is, social insurance requires a substantial labor-force connection. There will always be those who cannot establish the requisite contribution record and others who have needs that exceed the national minimum or average. Finally, social insurance does not provide enough help to the families of fully employed low-wage earners, (who for the most part are Black) who constitute almost half of the nonaged poverty gap. Hence a fundamental policy issue is whether the United States chooses to adopt universal measures to deal with limitations of social insurance, or whether it chooses the individualized approach,⁹ that does not take into consideration the economic and social inequities in the Nation or the needs of the poor.

In view of the above factors then, both reform of public welfare and social insurance have little or no benefits for Black and other poor people. Thus an examination of new policies for the transfer of income is thus in order.

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George Hoshino, "A Conceptual Analysis of the Nixon Welfare Proposal," Social Casework (March 1970), 170.

New Policies for Transfer of Income

New policies for the transfer of income include the following: 1) social dividend, 2) children's allowance, 3) negative income tax, 4) family assistance plan (FAP), and 5) provisions of in-kind.

Social Dividend

The social dividend reform proposes a universal payment to be made to all without regard to income or status. This is the original definition of guaranteed income.¹⁰ Lady Juliet Rhys Williams, originator of the idea, based her notion on the idea of new social contract:

... whereby the State would acknowledge the duty to maintain the individual and his children at all times and to insure for them all the necessities of a healthy life. The individual in his turn would acknowledge it to be his duty to divert his best efforts to the production of wealth whereby alone the welfare of the community can be maintained.¹¹

As Alvin Schoor points out in Explorations in Social Policy:

Social dividend or the universal payment derives from the concept of a contract between the state and the individual, assuring that the individual will receive income and will work. The state does not have a choice on the one hand nor does the individual on the other.

¹⁰ Schorr, op. cit., p. 296.

¹¹ Schwartz, op. cit., p. 7.

As the universal payment has been discussed lately in the United States, in a not uncommon historic reversal, it has become associated with the expectation that work will not be required. For the next decade, at least, this is probably a fantasy. In any event, social dividend, if it provided enough money for decent living, would bring about a sweeping redistribution of income in the United States. It is doubtful that this objective will be reached in one step, desirable as it might be.¹²

One criticism of the social dividend reform plan is that the idea that each individual produce his own income is foolish for even if new ways for man to earn a living rather than through work were found, people would still want to work.¹³

In addition, the reality of the operation of racist institutions in this country would make it virtually impossible for Black and other minority peoples not to work or either not to receive welfare payments. Thus a social dividend program, although it proposes that "all families rich or poor, would receive a stipend,"¹⁴ would not fill the whole poverty gap and substantially alter the distribution of income.

A partial form of universal payment, the children's allowance program, is another alternative for the transfer of income.

¹² Schorr, op. cit., 296-97.

¹³ Romanyshyn, op. cit., p. 267.

¹⁴ "Four Income Maintenance Experiments," Social Work, XVII (March 1973), p. 4

Children's Allowance

Children's allowance, found in some sixty-two (62) nations, provides payments to all families with children in specified age groups, irrespective of income.¹⁵ Children's allowance recognizes that in an industrial society children are an economic liability, that the birth of a child creates additional income requirements, and thereby reduces the family's standard of living.¹⁶ In other words, the proposal was created in response to the reality of industrial societies, in which wages are distributed on the basis of work while family responsibility depends on family size and the special needs of children.¹⁷ The underlying justification for children's allowance is that a child's well-being should concern the society as a whole;¹⁸ therefore the approach is an attempt to transfer from the family to society part of the burden of rearing future citizens.

According to George Hoshino in "A Conceptual Analysis of

¹⁵ Larry Orr, et. al., op. cit., p. 20.

¹⁶ Hoshino, op. cit., p. 258.

¹⁷ Romanyshyn, op. cit., p. 258.

¹⁸ Levitan, op. cit., p. 44.

the Nizon Welfare Proposal":

A children's allowance program is an expensive way to get at the problem of child poverty. Although it is possible to recoup the allowance from wealthier families through taxes thereby confining the real benefits to poorer families---benefits must be paid to the poor and the nonpoor alike. As a consequence, benefits generally are kept very low.¹⁹

As Table II shows, in no country except France does the amount of the allowance (4.8 per cent of France's gross national product) even begin to approach the real cost of supporting a child. The Canadian allowance which is only \$10 or, approximately 1.9 per cent of the country's GNP, per month for a child over eight.

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Hoshino, op. cit., p. 160.

TABLE II

PROPORTION OF GROSS NATIONAL PRODUCT ASSIGNED TO FAMILY OR
CHILDREN'S ALLOWANCES

<u>Country</u>	<u>Percentage</u>
United States (AFDC)	0.3
Canada	1.9
Netherlands	3.0
Italy	3.2
France	4.8

Source: Sar A. Levitan, "The Poor in the Work Force," in Chamber of Commerce in the United States, Task Force on Economic Growth and Opportunity, The Disadvantaged Poor: Education and Employment Washington, D.C. The Chamber of Commerce of the U.S., 1966, 27.

Nevertheless, one major advantage of a children's allowance program, according to Larry Orr in Income Maintenance, is that it sets up a simple, easily administered, and dignified right to income based on size of family, a criterion that is not considered by employers in setting wages of workers.²⁰ Orr adds:

There are, however, a number of weaknesses, with respect to adequacy, leakage, and adverse side effects. A good deal depends upon the size of the allowance. If payment per check is as low as in Canada and most other nations (excluding France) it would be inadequate to lift most poor families out of poverty. The major weakness, however, is that children's allowances are very inefficient for getting at poverty. To make the program universal means paying most of the money to non-poor families and retrieving it through positive taxation. In addition, certain unfortunate side-effects are possible. Some concern has been expressed that it might depress wages or decrease work incentives. Effect on wages would depend upon how the program is financed. Wages are more likely to be affected if the taxes are tied to payrolls. Effects on work incentives depend upon whether allowances are so high as to make total allowance income equal to or higher than work income. The dilemma is precisely that in order to be of real assistance to the poor, allowances would have to be high enough to "compete" with wage income, which suggests that despite its good qualities a children's allowance program does not deal efficiently with the poverty problems.²¹

An alternative reform plan which proposes to cost less than the children's allowance and social insurance programs

²⁰
Orr, op. cit., p. 22.

²¹
Ibid., p. 22.

combines, is called the negative income tax plan (NIT).

Negative Income Tax (NIT)

First proposed by Nitton Friedman, negative income tax is a system of each payments to people whose incomes fall below the federal personal income tax level.²² NIT uses the internal revenue system for disbursing money,²³ and contains three basic variables: 1) a guaranteed minimum level of income that varies with family size or family composition or both; 2) tax rate applied against a tax base; and 3) a breakdown level of income where the tax liability equals the income guarantee. Any two of these variables determine the outcome²⁴ of the third.

Currently, there are four major income maintenance experiments of the negative income tax type being conducted in the United States: the New Jersey experiment, the rural experiment, and the Seattle-Denver experiment, and the Gary,

²²
Kahn, op. cit., p. 139.

²³
Romanyshyn, op. cit., pp. 260-61.

²⁴
Kahn, op. cit., p. 139.

Indiana experiment. These programs share two general characteristics, as follows:

1. They aim to supplement present efforts to close the poverty gap by using a tax system and raising a family's income to a point above the poverty line.
2. They consider primarily a family's income in determining its eligibility for financial aid.²⁵

The plans differ only on (1) the guaranteed minimum level of income, (2) the tax rate and (3) the break-even point²⁶ (the level of earnings at which benefits stop). In the New Jersey experiment, the guarantee is 50 percent, 75 percent, 100 percent, or 125 percent of the poverty level adjusted annually as the Consumer Price Index changes. The automatic cost-of-living adjustment increased the level for a family of four from \$3,300 at beginning of the experiment to a current \$3,686. There were eight combinations of benefit levels and tax rates in this experiment, as shown in Table III.

²⁵ Katz, op. cit., p. 4.

²⁶ Ibid., p. 4.

TABLE III

a

NEGATIVE INCOME TAX PLANS IN THE NEW JERSEY EXPERIMENT

Guarantee Levels	TAX RATES		
	30 Percent	50 Percent	70 Percent
50 percent of poverty line (\$1,650) ^b	X	X	
75 percent of poverty line (\$2,475)	X	X	X
100 percent of poverty line (\$3,300)		X	X
125 percent of poverty line (\$4,125)		X	

a
"X" indicate the plans used

b
Numbers in parenthesis are guarantee levels for a family of four.

Unlike the social insurance and children's allowance programs, the negative income tax has a work incentive feature and is estimated to be some \$12 to \$17 billion less than the cost of the combined children's allowance and social insurance programs. (At a cost of \$22 to \$28 billion, the proposed NIT program estimates that poverty would be eliminated with a 62 per cent negative to rate---allowing retention of 62 per cent of earnings up to a breakeven point of \$6,000 for a family of five).²⁷ Still, the negative income tax program would leave 30 per cent of the poor below the poverty line.²⁸ One major argument against the program is that it is the stigmatizing welfare approach in a new guise. Alvin Schorr puts it this way:

...even a substantial negative income tax would, like public assistance provide the money payment in a poor law framework. It would be paid not for past work, not because of childhood or old age, not for any of the dozens of reasons that have been converted into social rights, but for the one reason we have so far failed to make a right--want--...The writer's impression is that poor people would, if they were consulted, reject the negative income tax.²⁹

²⁷ Romanyshyn, op. cit., p. 260.

²⁸ Ibid., p. 260.

²⁹ Alvin L. Schorr, "Alternatives in Income Maintenance", Social Work XI (July 1966), p. 27.

Surprisingly, however, an equal number of poor people support and oppose the NIT plan (47 percent supported the plan and 48 percent who had incomes of \$3,000 - \$5,000 opposed it; in families with incomes under \$3,000, 48 percent supported and 45 percent opposed the plan).³⁰ Overwhelmingly, the majority preferred a plan of guaranteed work rather than guaranteed income.³¹

As move in the direction of guaranteed income and work, the Nixon Administration (1969) proposed the family assistance plan (FAP), which amounts to a negative income tax for families with children under eighteen.³² A discussion of FAP follows.

Family Assistance Plan (FAP)

It was within the image of "young immoral Black men and women"³³ and adhering to his campaign promises to get dependent

³⁰ Romanyshyn, op. cit., p. 261.

³¹ Ibid., p. 261.

³² Orr, et.al., op. cit., p. 22.

³³ As the figures for Blacks on the welfare rolls increased the "popular image of the chief beneficiaries of the Social Security Act of 1935" has changed from that of old respectable, white people to that of young immoral Negro men and women. Gilbert Stiener, Social Insecurity: The Politics of Welfare, (Chicago: Rand-McNally and Co., 1966), p. 4.

millions "off welfare rolls and onto payrolls," that President Nixon proposed the family assistance plan (FAP) on August 9, 1969.³⁴ And on October 3, 1969, the Administration introduced H. R. 14173, the Family Assistance Act, which would have amended Title IV.³⁵ The federal-state-program of Aid to Families with Dependent Children (AFDC) and Aid to Families with Dependent Children Unemployed Parents (AFDC-UP) would be altered with the creation of FAP whose purpose is the provision of a "basic level of financial assistance throughout the nation to needy families with children...."³⁶

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Here is Nixon's political motivation: Since assuming office his emphasis had been on foreign affairs and other issues not directly related to the U.S. (e.g. the war in Vietnam, space program, etc.). FAP was his first major piece of domestic legislation. Claire P. Sams, Family Assistance Plan-91st Congress: A Washington Internship Report (Southern Center for Studies in Public Policy, Clark College, Atlanta, Georgia, 1971), p. 7.

35

Title IV: Grants to States for Aid and Services to Families with Children and for Child-Welfare Services---(Established). For the purpose of encouraging the care of dependent children by enabling each State to furnish financial assistance and rehabilitation and other services...to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection...". Ibid., p. 13.

36

Romanyshyn, op. cit., p. 261.

To be enacted along with the food stamp proposal, the Administration believed that the Family Assistance Plan would reduce the number of people in poverty in the United States by some 59 percent. Thus, the two programs together, are expected to cut by almost 60 percent the difference between the total income of all poor Americans and the total amount they would have to earn to rise out of poverty. In one particular category of the poor, that of couples over sixty-five years of age, the Administration's proposals would raise the recipients' income above the poverty line altogether.³⁷ Other provisions of FAP are as follows:

a. Coverage

The Family Assistance Plan would cover all families with children with incomes below stipulated amounts. The principal new groups eligible for cash assistance would, thus be "working poor families headed by males employed full-time. Also FAP would cover both dependent families," defined as those headed by a female or an unemployed father, and "working poor" families, defined as families headed by a full-time employed male.³⁸ (Not included are childless couples and single individuals).

37

Improving the Public Welfare System, A Statement by the Research and Policy Committee of the Committee for Economic Development, (New York: Committee for Economic Development, April 1970), p. 69.

38

Ibid., p. 70.

b. Benefit-levels

1. Families with no earnings: A family of four would receive "floor income" or \$1,600 per year, \$500 per person for the first two (2) family members and \$300 for each member thereafter. Therefore, a family of seven would get \$2,500 per year.

2. Families with earnings: A family of four with earnings up to \$3,920 per year would be allowed up to \$5,720. All families would be allowed to "disregard" \$60 per month of earnings (\$720 per year) as work-related expense--transportation, meals, clothing. Benefits would be reduced by 50 percent as earnings increase above \$720 per year, up to a cut off point.

As Table IV shown, a family of four (4) with earnings or \$2,000 would be entitled to disregard the first \$720 in earnings. Subtracting \$720 from \$2,000, the remainder is \$1,280. Fifty percent of this amount (\$640) is subtracted from the family's entitlement for benefits, which is \$1,600. The remainder (\$960) is added to the family's earnings of \$2,000. Its total income, therefore, would be \$2,960. A family of seven (7), with \$2,000 income would be entitled benefits of \$1,860 for a total income of \$3,860.

Excluded from the proposal would be:

1. All income of a student,
2. Inconsequential or infrequent or irregular income,
3. Income needed to offset necessary child-care costs while in training or working,

4. Earned income of the family at the rate of \$720 per year plus one-half the remainder,
5. Food stamps and other public assistance or private charity,
6. Special training incentives and allowances,
7. The tuition portion of scholarship and fellowships,
8. Home produced and consumer produce, and
9. One-half of other unearned income.

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 71. Improving the Public Welfare System, op. cit., pp. 70-

TABLE IV

Proposed FAP Payment Schedule for Family of Four (assuming annual payments of \$500 each for first two family members and \$300 each for additional members, a \$750 income exemption and a 50 percent marginal "tax" on nonexempt income)

<u>Earnings</u>	<u>Nonexempt Earnings</u>	<u>"Tax" at 50%</u>	<u>Net Payment</u>	<u>Tax Income</u>
\$ 0	\$ 0	\$ 0	\$1,600	\$1,600
720	0	0	1,600	2,320
1,000	280	140	1,460	2,460
1,500	780	340	1,210	2,710
2,000	1,280	640	960	2,960
2,500	1,780	890	710	3,210
3,000	2,280	1,140	460	3,460
3,500	2,780	1,390	210	3,710
3,920	3,200	1,600	-	3,920

Source: Legislative Analysis: The Bill to Revamp the Welfare System (Washington, D.C.: American Enterprise Institute, 1970), p. 15.

Basically, there are merits of these two (coverage and benefit-levels) fundamental provisions of the family assistance bill: they provided assistance for the working poor and established a federal income floor. However, the floor income that FAP proposed is too low, and the bill does not include or cover all needy people (childless couples and single people were excluded).

Concurring with this criticisms of FAP, the National Welfare Rights Organization (NWRO)---, "an organization of Black welfare recipients and poor people, linked up in local groups, with the goals of adequate income, dignity, justice and democracy"⁴⁰ felt that FAP does not provide for adequate income. FAP proposed \$1,600 for a family of four (4) is very inadequate when compared to the demand of NWRO for a guaranteed minimum of \$5,500 a year, a demand that has been incorporated into the Adequate Income Act of 1970 (S-3780) and introduced into the 91st Congress by Senator Eugene McCarthy. It is in the latter Act, one hardly likely to receive more than passing notice, that the issue of relative deprivation is squarely faced in the following assertions that get to the heart of the matter.

"As a wealth distribution system employment has never worked well for the poor, especially the Black poor. Even if all eligible Americans were employed today, the poverty rate would not be seriously affected." Here too, it is the right to life that justifies the transfer of income in order"... to insure that every American will have at least the minimum income required to express freely the fundamental rights and liberties expressed in the Constitution." The FAP minimum, even, with its work incentives and required state supplementation, cannot meet the problems of poverty or touch the more fundamental issue of income redistribution, which alone will get at the core of the problem of relative deprivation. Even the more modest goal of attaining the poverty line for all Americans seems inhibited rather than advanced by FAP, which provides for no plan to raise benefit levels by stages. Moreover the marginal tax rate of 50 percent may discourage rather than encourage lifting the minimum family income to the poverty line. As Alvin Schorr has observed, if the floor for a family of four were set at \$3,555 this would require continued assistance to families with incomes up to \$7,800 a year even though the amount of aid would be only \$165 a year.⁴¹

The NWRO also demanded provisions for special wants to
⁴²
 basic minimum clothing, furniture and emergency needs.

Furthermore, the NWRO felt that it should have been part of the original planning of the FAP program---testimony to the racism that exists in this country wherein Blacks and other poor people are not included in the planning of programs that
⁴³
 govern or affect their lives.

⁴¹
 Romanyshyn, op. cit., p. 265.

⁴²
 Claire P. Sams, op. cit., p. 16.

⁴³
Ibid., p. 15.

The exclusion of single persons and childless couples in FAP's coverage provision is worthy of attention and cannot be justified or excused by the Administration's reasoning that it would concentrate on reforms of FAP. That 800,000 persons, many of whom are poor, fit in the category justifies a need to make provisions for these people. According to the Administration, it would cost an additional \$800 million to⁴⁴ include single persons and childless couples.

If the Administration wanted to it has the power to provide the additional \$800 million to include single people and childless couples. Its decision not to do so indicates where the values and priorities of this country are. Again, there is evidence to believe that FAP like other income maintenance proposals was not designed with the benefit of the poor in mind.

c. Food stamp program

A family of four receives a package of family assistance and food stamp subsidies that together total about \$2,464 or about 2/3 of the poverty line as it has been defined.⁴⁵

44

Improving the Public Welfare System, op. cit., p. 74.

45

Improving the Public Welfare System, op. cit., p. 71.

d. State supplemental benefits

In order that present benefit levels not be reduced for families aided under AFDC program, the new system would require the continuation of state benefits equal to the difference between the proposed federal minimum and a state's present benefit level. (For example, if the proposed federal minimum payment for a family of four is \$1,600 and a state's benefit level is \$1,800, then the difference of \$200 will be paid by the state.) All states, however, would receive fiscal relief under the proposed welfare program. States would not be required to supplement federal benefit levels⁴⁶ for "working poor" families.

According to the National Welfare Rights Organization, there should be "a requirement" (that each state work toward an adequate income level (\$5,500 for a family of four) with higher total state and federal grants⁴⁷). This demand of the National Welfare Rights Organization is significant for it must be recognized that public assistance, as it is presently administered by the state, insures poverty.

For example, two thirds of the states have a policy of

⁴⁶

Ibid., p. 71.

⁴⁷

Claire P. Sams, op. cit., p. 16.

giving recipients grants smaller than the state's own definition of minimum basic needs. One fourth of the states pay less than sixty percent of their own definition of minimum basic needs. And only a handful of states set their standard of minimum basic needs at a level that approaches the poverty line---the average standard is approximately forty percent below the poverty level, the average grant is roughly fifty percent below that level. In other words, the average AFDC family could have its public assistance grant almost doubled and still not quite rise above the poverty line.⁴⁸

Moreover, state supplementation does not cover intact families of working poor thus discriminates against this group. In fact it appears that intact families with employed or unemployed fathers will be discriminated against if certain amendments to the House bill proposed by the administration are enacted. In the act passed by the House and sent to the Senate Finance Committee, families eligible for AFDC-UP are entitled to federally subsidized state supplementation while families with a full-time breadwinner are not. The Senate Committee complained among other things that with state supplementation, Medicaid and other benefits, a man with a family could be better off by working less than full-time or not at all. The choice before the administration was to propose supplementation for the working poor at a cost of an additional one billion dollars or to eliminate it for families with an unemployed

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William Ryan, op. cit., p. 106-7.

father. It chose the latter. Should this amendment be adopted it remains possible for families with deserting fathers to be better off than families with an employed or unemployed male breadwinner.⁴⁹

e. The work requirement

A basic element of the FAP program is its emphasis on work, both a strong work requirement and the provision of incentives throughout the system for training and employment. Under the work provision, all applicants for benefits who are not working, except for mothers with children under six, are "required" to register with the Employment Service. Employable recipients (including children 16 years old and over not in school) must accept training or employment or lose their portion of the family benefit.⁵⁰

This mandatory work registration seems to have the affect of driving poor people into a form of slavery. For poor Black people it would mean re-enslavement for the basic choice to work or not to work in lieu of losing public assistance is denied. Furthermore, in many instances poor people might be made to accept unsuitable jobs that not only

⁴⁹ Romanyshyn, op. cit., p. 266.

⁵⁰ Improving the Public Welfare System, op. cit., p. 72.

do not provide adequate incomes but rob them of self-respect and dignity. To this effect, the National Welfare Rights Organization demanded the "establishment of federal standards for job training programs, including guaranteeing adequate⁵¹ jobs."

However, it is extremely doubtful that a sufficient number of jobs will be created to match the skills of FAP beneficiaries either by the private sector or through government intervention, or that there will be a sufficient investment in man power programs and supportive services to significantly enhance employment opportunities for FAP beneficiaries. Other priorities appear to command national resources while pressure for price stability in the face of increasing inflation tends to produce public policy that increases the number of unemployed. This is revealed by the proposal of the Nixon Administration to train 150,000 welfare recipients in the first year of the Family Assistance Plan, although its own efforts to combat inflation had helped to increase the number of unemployed by one million in the period 1969-⁵² 1970.

⁵¹
Claire P. Sams, op. cit., p. 16.

⁵²
Romanyshyn, op. cit., p. 264.

In this light, reliance on forced registration for employment and manpower services, particularly for mothers whose labor is not required by the realities of the job market, seems misplaced and unjustifiably coercive. It is the structure of opportunity as determined by economic policy and manpower policy, not individual motivation, largely controls dependency on public aid for that small proportion of the current welfare caseload who can be expected to work.⁵³ A modern requirement of work as Alvin Schorr has proposed would recognize that while men would be expected to work it would be understood that "...their capacity to work depends on the effectiveness of manpower programs and the availability of jobs they can fill"⁵⁴ For mothers, work would be regarded as essential to self-fulfillment if women so viewed it, but not essential to the economy. Thus mothers would not be expected to register for work as a condition for receiving assistance unless they chose to avail themselves of manpower services.⁵⁵

53

Ibid., p. 264.

54

Alvin L. Schorr, "The President's Welfare Program and Commission," Paper prepared for delivery to the American Public Welfare Association Round Table Conference in Dallas, Texas, December 10, 1969, mimeo, p. 8.

55

Ibid.

g. Cost of program

The cost of the Family Assistance Plan would be \$4.4 billion, with the largest benefits, \$2.5 billion going to families. Combined input of FAP and the Food Stamp Program equals \$5.6 billion in the new first year fiscal. If enacted, FAP will provide modest benefits (50 percent of total new funds) to the working poor and to the public assistance recipients in some Southern states.⁵⁶

Still FAP will not solve the welfare crisis. Moreover, poverty and inequality will remain serious problems.

Unquestionably, FAP is significant for what it proposes and for what it fails to propose, as well as for the rhetoric used to describe and justify the basic changes in the welfare system. Examination of the plan, however, finds the focus still on the poor person and his presumed shortcomings, not on the societal and economic causes of poverty --- the "blaming the victim" ideology as mentioned previously in Chapter I of this study. Further examination, reveals that FAP has policy implications:

The policy question is not simply a matter of choice between a universal institutionalized approach to the problem of children living in poverty and an individualized residual approach. It is an even more fundamental issue of whether the poor, who the target of the Nixon proposal, are to be treated like the great majority of

Americans or as a separate class. This is the ideological aspect of the social policy issue that is at stake in the Nixon proposal.⁵⁷

In terms of social policy then and in view of the fact that FAP is a federal program, there is a question as to "why not federalize the whole assistance apparatus and operate it as a part of a single federal system of income security presumably by the Social Security Administration? There is also a question of the extent to which those who are affected by the policy are, or feel, estranged from the rest of the population. This is the fundamental social need and the fundamental social policy issue.⁵⁸

Perhaps these questions need not be dealt with in view of the failure to enact into law President Nixon's FAP. (The FAP bill born on August 8, 1969, died on October 4, 1972).⁵⁹ Undoubtedly, the answers to the proposed questions are equally as many and varied as are the reactions to the failure of FAP. And the significance of FAP is likely to be debated by historians, social workers, economists, and other policy determiners for years to come. The story is complex and therefore susceptible to oversimplification.

58

Ibid., p. 158.

59

J. Welsh, "Welfare Reform: Born August 8, 1969, Died October 4, 1972," New York Times Magazine (January 7, 1973), 14-17.

Provisions of In-Kind

A fifth type of program for the transfer of income "that is currently enjoying a renewal of popularity is the provision of services or goods" in-kind---recent examples are food stamps, medicare, and rent subsidies. Restricted programs have on occasion stirred powerful emotions in social workers, but these recent ones seem to have escaped their wrath. In-kind programs may represent a public conviction that beneficiaries are not to be trusted to manage their own funds, a view that went into the development of the food stamp programs, and it is to this paternalistic implication that many social workers react.⁶⁰

It is a general belief that the more social services available free or at moderate fees, the less income it takes to live above the poverty line. Provisions of in-kind, however, must measure up to an acceptable standard to all who wish to use them, or to those who have special entitlement on the basis of some nonindividious criteria (e.g. meals on wheels for the aged, school lunch program for all children, recreation facility for teenagers).⁶¹

⁶⁰

Alvin L. Schorr, Explorations in Social Policy, (New York: Basic Books, 1968), p. 292.

⁶¹

Romanyshyn, op. cit., p. 273.

Despite their resurgence, in-kind programs are not currently proposed as dominant sources of income for anyone; therefore not much space will be devoted to the issues involved. They are probably a sound type of programs so long as they remain a subsidiary type. They are acceptable so long as they are not felt as controlling. In-kind programs may be especially suitable when the public interest is most deeply engaged (as in the nutrition of children) or when the state is in a better position to organize services when the family would be to buy them (as in medical care or rent subsidies).⁶² Therefore, a very broad extension of four programs---food stamp, school lunches for children, medical care for those who are not aged, and rent subsidies to broaden the supply of low-cost housing needs to be sought. A brief discussion of these is thus in order.

In theory, the food stamp program was intended to overcome the deficiencies of the commodity food distribution program.⁶³

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Alvin L. Schorr, op. cit., p. 292.

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The commodity distribution program was originated primarily to promote the interests of the farmer not those of the poor consumer. So as to prevent waste, the surplus was given to the poor. The program did not provide for minimal nutrition requirements. Roman, op. cit., p. 276.

Under the food stamp program, recipients were allowed to buy food stamps, receiving a bonus graduated according to income level. Thus a family of four with a monthly income of \$60 could purchase food stamps for \$18 that were worth \$60 could buy in a store. In principle then, the food stamp program is superior, for stamps can be used to buy a variety of products, whereas participants in the surplus commodity program are limited to the food available in surplus. For obvious reasons,⁶⁴ local merchants considered it superior as well.

Thus many counties switched from the surplus commodities program to the food stamp program. However, when a county switched to stamps, participation of poor people in the surplus commodities program, typically fell off sharply for many of the very poor either received no money from welfare to enable them to buy stamps, or received such low grants that there was never sufficient cash on hand for the stamps (which had to be purchased on a lump-sum basis once a month for an amount that was often as large as the welfare check itself, so that buying stamps left little or nothing for rent, clothing, and other expenses). Moreover, merchants had instituted a two-price system--charging higher prices to families buying with food stamps.⁶⁵

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Cloward and Piven, op. cit., p. 208.

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Ibid., pp. 208-09.

Thus the food stamp program like the commodity distribution program failed to live up to Congressional intent. It follows that economic policy not social policy dictates the kind and amount of food made available to poor people--who do not benefit from such policies.⁶⁶

Along the same line of the food stamp program, the school lunch program has failed to meet the needs of all poor children. Presently, only those children who fall under the OEO poverty guidelines are eligible for free or partial payment for lunches. The one major defect of the school lunch program is its welfare stigmatizing attachment. For example, in many instances those children who receive free lunches are made to wait in a separate line to receive lunches from those who do not receive free lunches. This in itself can be self damaging to a poor child's development. A simple solution would be to give free lunches to all school children.

A third type of provision of in-kind provision, medical care, has also proved inadequate to meet the needs of the poor. To help remedy its inadequacy, the Comprehensive Health Planning and Public Health Services Amendment Act of 1966, has been passed, which is a move toward medical care as a citizen's right.⁶⁷

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Romanyshyn, op. cit., p. 275.

⁶⁷
Ibid., p. 277.

"On the general problem of health care, William Ryan suggests, that a private enterprise solution would be to extend Medicare so as to cover the total population, and to include preventive services, inoculations, periodic checkups, etc. A public action solution would be to institute a publicly run National Health Service--socialized medicine.⁶⁸

In France, for example, funds for health and social action are provided by deducting a percentage of social security contributions--4 per cent of the contribution for family allowances, 3 per cent of those for workmen's compensation, and 1.10 percent of social insurance contribution. Local, regional, and national caisses have separate health and social action funds and receive their share of contributions directly.⁶⁹ The United States and the AMA not unaware of this type of plan and could implement a similar type if they so desired. Where poor people are involved, however, neither the government nor the AMA has "seen" the need. So, for poor people in the United States increases in levels of income, improved housing, decent employment, education and opportunities for self-respect may contribute more to alleviating

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William Ryan, op. cit., p. 257.

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Alvin L. Schorr, op. cit., p. 222.

problems of health than extension of medical care.

Rent subsidies for housing, a fourth type of provisions of in-kind, presently affords the poor few benefits as compared to middle class families. United States public policy on housing was clearly stated in the 1949 Housing Act:

A safe, decent, and sanitary dwelling for every American family. This official statement of the policy was...slightly condensed from the original and real policy, which is: a safe, decent and sanitary dwelling for every middle-class American family, and everything that's left over for the poor. The government stands behind and guarantees the mortgage for about one-fifth to one-quarter of new housing that is built for the middle-class. It provides community planning and facilities grants for suburban developments where most of this housing is built, and then it shoulders 90 per cent of the cost of the new highway that makes it possible for the new homeowners to commute back and forth from his job. Most important, it encourages homeownership through a tax policy that makes real estate tax payments and mortgage interest deductible expenses. These tax advantages are not...discriminatory in any way; they are available to anybody---at least anybody who can afford to own his own home.⁷⁰ And the truth of the matter is that very few poor families, especially poor Black families, "qualify" for home ownership.

Alvin Schorr has calculated that in 1962 housing subsidies in the form of tax relief to the middle- and upper-income groups amounted to about three billion dollars---with

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William Ryan, op. cit., p. 182.

most of it (1.7 billion) going to the richest twenty per cent of the population. This three billion is about twenty times⁷¹ the total federal subsidy for public housing for the poor.

According to William Ryan, there is another, hidden subsidy--that portion of public assistance payments that goes for rent.since many welfare recipients live in substandard housing, the half a billion in federal money that was counted in 1962 as housing subsidies, could subsidizing slums and slum landlords, some of whom make a fat living by renting exclusively to welfare families (adding a bit on to the take by charging a dollar for cashing the welfare check when they collect the⁷² rent).

Existing housing programs, William Ryan contend, have failed because they have not increased the supply.

The final and most complete kind of governmental action that could be taken to solve the housing problem would require a massive redefinition of the place of housing in American life---legislation defining housing as a public utility (just as water, gas, electricity, telephones, freight movement and passenger travel are defined as public utilities). Housing would also require more effective regulation at a much lower governmental level---the level of the municipality or even the

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William Ryan, op. cit., 183.

73
neighborhood.

Singly and in combination, all these proposed programs and devices would contribute to the overall goal of solving the slum housing problem by producing more low-income housing.

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William Ryan, op. cit., p. 252.

CHAPTER IV

CONCLUSION AND IMPLICATIONS

The distinctive approaches to income maintenance as well as their adequacy or inadequacy in reducing the "plight" of poor families have been defined through an analysis of welfare reform policies for aid to families with dependent children. Unfortunately, this type of analysis has the effect of putting one program or reform policy against another, as if to force a choice among them; consequently, it is a difficult, complex, and serious task to choose a program that best serves poor people, especially poor Black people who comprise 41.5 per cent of the AFDC welfare rolls.¹

Since the likelihood is that nothing will be traded in, if and when a new program for income maintenance is adopted, the investigator chose in this paper not to think in terms of a solution for the welfare crisis but rather to derive recommendations or modifications of the present Aid to Families

¹
Kadushin, op. cit., p. 181.

with Dependent Children (AFDC) program, reform of public welfare and social insurance, new policies for the transfer of income (social dividend, children's allowance, negative income tax, family assistance plan (FAP), and provisions of in-kind).

These and other proposals for the reform of our income maintenance system have been prepared and debated at some length, and clearly, the historical overview of social welfare legislation in this paper, showed that reform proposals have not and are not designed for the benefit of poor people. Although social welfare legislation has helped some poor people, the motivation behind social security legislation since its origin in 1935 has been economic, serving to exploit, control and repress poor people.

For example, the public assistance programs of AFDC and AFDC-UP have the overwhelming effect of social disfavor which focused upon poor families, increases, public and congressional pressure toward forced work legislation, and regulation of the mother's behavior. To remedy this form of social injustice, some states place a maximum on payments to estimate whether work incentive influences women in to work. This is not a good solution for poor people, for poor Black people, are confronted with work-enforcing regulations that affords them assistance only within a poor law framework.

Similarly, such reforms as public insurance and public welfare are rejected for they were originated to help middle-class white Americans; subsequently with the recent 10% bene-

fit increase in social security, the lives of middle-class whites who hold the majority of the high paying jobs will be further improved. Yet, the Social Security system has historically repressed Black people and the current trend toward "work-enforcing incentives" is a move toward further degradation and repression of Black people.

For this reason, the investigator rejects all work-enforcing reforms such as the family assistance plan (FAP) forwarded by President Nixon in his plan to fight against inflation. It was this program which served as stimulus for the increase in the welfare rolls (AFDC and AFDC-UP) in the 1970's and consequently increased unemployment. A historical overview of social security legislation, however, showed that under ordinary circumstances, increases in unemployment do not produce comparable increases in welfare rolls; thus the 1960's was an unusual time for the increased rolls was brought about not so much by legislation but by pressure from such organized consumers of welfare as the National Welfare Rights Organization (NWRO).

The rise in caseloads and budgets of welfare departments all over the country reflects this new movement and results from exercise of new power. As William Ryan in Blaming the Victim puts it: "The only meaningful way to change the prevailing American system of liberty for the free, justice for some, and inequality for all is through shifts in the distri-

bution of power."²

Reform proposals such as the children's allowance and negative income tax programs may well be moved toward the equal distribution of income maintenance. On the other hand, the social dividend or universal payment must be rejected as a means toward this end. It is utopian, which is to say appealing in some rational sense although this country is not ready for it.

The United States can assure decent income then, by seeking to increase minimum benefit, and by reaching all the aged. It should seek to provide subsidized medical care, decent housing, and full employment with adequate pay to all people. Still the redistribution of income maintenance and other social services will depend greatly upon the power of Black and other poor people in this country to influence economic policy. Thus far the debate about welfare reforms has taken place mainly among technicians; the public has shown little concern. In other words, while those reforms mentioned may be of theoretical interest, they have stirred no political interest. Power to influence economic policy is politics.

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Ryan, op. cit., p. 240.

Blacks and other poor people in this country have not been actively involved in politics. "They have been systematically denied the opportunity to be involved in the drafting of social welfare legislation. When one considers that the number of Blacks on welfare rolls is more than three times their proportion of the population, the recent courtesies extended to Black people (e.g. the opportunity to testify at Congressional³ hearings) have been minute."

There is a question as to how much power Blacks and other poor people now have and will have in the future to influence welfare policies. There is a question as to whether poor people will continue to let the repressive forces of this country destroy them.

"The primary cause of social problems (like the welfare crisis) is powerlessness." The cure for powerlessness is power. The criteria for effective programs to solve the welfare crisis in America is in fact, very simple (even though the execution of such programs would be enormously difficult and complex). They are known to most ghetto dwellers, educated or not---known perhaps most keenly to those who have never held a high school diploma in their hands. Power must

³
 Claire P. Sams, op. cit., p. 40.

be redistributed--this redistribution will permit the redistribution of income.⁴

Thus as Richard Cloward and Frances Fox Piven put it and I agree:

"In the absence of fundamental economic reforms, we take the position that the explosion of the rolls is the true relief reform, that it should be defended, and expanded. Even now, hundreds of thousands of impoverished families remain who are eligible for assistance but who receive no aid at all."⁵

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Youth in the Ghetto (The report of the Harlem Youth Opportunities Unlimited (HARYOU) planning project, 1964. Edited by William Ryan, op. cit., p. 241

⁵
 Cloward and Piven, op. cit., p. 348.

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